

ASSEMBLY BILL

No. 279

Introduced by Assembly Member Cohn

February 5, 2003

An act to amend Section 987.88 of the Military and Veterans Code, relating to veterans, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 279, as introduced, Cohn. Veterans: farm and home purchases: life or disability insurance.

Existing law, the Veterans' Farm and Home Purchase Act of 1974, permits the Department of Veterans Affairs to enter into a master agreement with one or more insurance companies to provide life or disability insurance coverage for purchasers of farms or homes under the program.

Existing law requires the master agreement to provide for the maintenance of reserves as the department, after advising the California Veteran's Board and after consultation with the Insurance Commissioner, deems appropriate and prudent. These reserves are prohibited from being more than 20% in excess of actuarial requirements plus a reasonable contingency reserve.

This bill would, instead, prohibit these reserves from being more than 23% in excess of actuarial requirements plus the reasonable contingency reserve.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: ²/₃. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 987.88 of the Military and Veterans Code is amended to read:

987.88. (a) In the event the department enters into a master agreement with one or more insurance companies to provide life or disability insurance coverage for the purchasers of farms and homes from the department, the master agreement shall provide that the life insurance will be offered to purchasers who are disabled solely as a result of their qualifying military service and to nondisabled purchasers on an equal basis and that no purchaser shall be denied coverage solely because that purchaser has a qualifying military service-connected disability at the time of application. Notwithstanding Part 2 (commencing with Section 10110) of Division 2 of the Insurance Code, the life or disability insurance shall be a form of group life or group disability insurance.

(b) The master agreement shall provide for maintenance of those reserves as the department, after consultation with the Insurance Commissioner, deems appropriate and prudent, and the department may use from time to time any accumulated surplus in those reserves, or any refunds or returns therefrom upon termination of the agreement, for the purposes of this article or of any veterans general obligation or revenue bond act. Any and all acts of the department in maintaining and using the reserves consistent with this subdivision are hereby ratified and confirmed, it having at all times been the intent of the Legislature that reserves be maintained and that any surpluses therein or refunds or returns therefrom be used by the department for the purposes stated in this subdivision.

(c) Notwithstanding subdivision (b), on and after ~~January 1, 1987~~ *the effective date of the act that amends this section in the 2003 portion of the 2003–04 Regular Session of the Legislature*, any reserves maintained under the master agreement shall not exceed a level greater than 20 23 percent in excess of actuarial requirements plus a reasonable contingency reserve, as determined annually by the department, and the department may contract with one or more independent actuaries or actuarial firms to assist the department in the annual determination.

1 (d) Any departmental proposal to enter into, revise, amend,
2 renew, extend, or cancel, any agreement described in this section
3 shall be a policy change subject to subdivisions (b), (c), and (d) of
4 Section 84.

5 SEC. 2. This act is an urgency statute necessary for the
6 immediate preservation of the public peace, health, or safety
7 within the meaning of Article IV of the Constitution and shall go
8 into immediate effect. The facts constituting the necessity are:

9 In order to modify existing law for the effective administration
10 of the Veterans' Farm and Home Purchase Act of 1974 at the
11 earliest possible time, it is necessary that this act take effect
12 immediately.

